

Correspondence from David Dishon, Chief Financial Officer and Interim Accountable Officer, Ferguson Marine Port Glasgow Limited, 10 March 2025

1. **Funding:** Clarity/breakdown in relation to the draft budget of £47.9 million and £14.2 million of capital funding being made available for investment and upgrade of infrastructure (in response to Jamie Greene's question column 24/25)

- **Scottish Government Budget (Approved 25 February 2025) has the following budgets for Ferguson Marine.**
 - **TOTAL for 2025/26 = £47.9m broken down as follows:**
 - Resource Spending = £1.9m (Scottish Government - Strategic Commercial Assets Division Resource Budget)
 - Capital Spending = £46.0m (Further broken down as follows):
 - Completion of 802 MV Glen Rosa = £37m (Costs to complete the vessel plus any Under Recoveries)
 - Capital Upgrade of the Yard = £9m (As Year 1 of the £14.2m Total Investment in upgrades, the remaining £5.2m will be allocated to the 2026/27 Budget)

2. **Contractor secondment arrangement:** Clarity on the timeline and arrangements for the secondment (in response to Stuart McMillan's question, columns 37 and 38).

- **February 2022:**
 - David Tydeman starts employment as FMPG CEO and becomes Accountable Officer (AO) for Non-Departmental Public Body (NDPB) spending & governance.
- **March 2022 – Secondment Agreement (Part 1)**
 - Sub-contractor appointed as FMPG Programme Director (on secondment from CMAL), reporting directly to the CEO, for the initial duration of 16 March 2022 to 31 December 2022
 - Employment secondment signed by CMAL, FMPG and seconded employee (7 March 2022) – Rate agreed is £3,000 per month (£36,000 per annum) on top of CMAL salary
 - Agreement states that CMAL will bill FMPG to recover the costs of the Sub-contractor's compensation package at agreed daily rate equivalent to CMAL salary (Start date 16 March 2022)
 - Seconded hours for Sub-contractor are 4 days a week (Mon-Thurs) at 7 hours a day working for FMPG (billed from CMAL to FMPG) and Fridays working for CMAL as normal
 - FMPG state in engagement letter that they will openly look to hire a replacement on a permanent basis from January 2023
- **June 2022 – Secondment Agreement (Part 2)**
 - FMPG CEO and Sub-contractor agree a change to Terms & Conditions of FMPG employment – Rate agreed is now £4,500 per month (£54,000 per annum) on top of CMAL salary

- Sub-contractor new job title of FMPG Shipbuilding Director, working on MV Glen Sannox delivery, reporting directly to FMPG CEO
- Secondment Agreement stays the same with CMAL continuing to bill FMPG for the cost of employment
- Sub-contractor signs a new contract variation letter (10 June 2022)
- **November 2022**
 - Sub-contractor has concerns over the number of hours worked versus the FMPG top-up money earned and starts discussions with the FMPG CEO regarding a further pay increase
- **December 2022**
 - Sub-contractor sets up own consultancy “ACC Marine Consulting Limited” – 21 December 2022
 - FMPG CEO emails FMPG HR Director instructing her to remove Sub-contractor is removed from being an FMPG employee (Payroll for £54,000 per annum top-up) effective 21 December 2022
 - ***No contract was signed between FMPG and ACC Marine Consulting Limited. A verbal agreement between both parties on the daily rate was used to create invoices charged from ACC Marine Consulting Limited to FMPG***
 - ***The daily rate is significantly higher than the previous FMPG employment contract***
 - ***This change to employment status did not come for official approval to FMPG Remuneration Committee, nor did it come to FMPG Board, so FMPG Board were unaware of this change in employment status***
 - ***There is no evidence that CMAL Board members were aware that this agreement had been changed***
 - ***As a result, CMAL continued to bill FMPG for the secondment agreement and FMPG Finance continued to pay***
- **January 2023**
 - Sub-contractor informs FMPG CEO that he has several holidays that have been accrued via CMAL employment and need to be taken before the end of the financial year, which means he would have almost a month off
 - Sub-contractor also informs FMPG CEO that CMAL cannot pay for the holidays due to pay banding and he would exceed the maximum level of that banding, so they must be taken
 - FMPG CEO states this is a problem for the operations so agrees a deal with Sub-contractor that he takes some holidays and the FMPG pay ACC Marine Consulting Limited for the remaining accrued holidays – invoiced February 2023
 - ***The daily rate for ACC Marine Consulting Limited was not approved by CMAL, FMPG Remuneration Committee nor the FMPG Board. No papers were tabled on this, so both CMAL and FMPG Board were unaware of this***
 - ***The holiday pay was not approved by FMPG Remuneration Committee nor the FMPG Board. No papers were tabled on this, so FMPG Board were unaware of this***
- **March 2023**

- ACC Marine Consulting Limited continues to invoice FMPG for services, some with Purchase Orders. FMPG CEO reviewing and approving invoices
- **September 2023**
 - Purchase Order runs out. FMPG CEO reviewing and approving invoices from ACC Marine Consulting Limited
- **January 2024**
 - David Dishon starts as new Interim Chief Financial Officer (CFO) – 3 January 2024
- **March 2024**
 - FMPG Board terminate the contract of David Tydeman as both CEO and AO (26 March 2024) on the grounds of performance issues - unrelated to this issue as unknown at the time to FMPG Board
- **April 2024**
 - David Dishon appointed permanent FMPG CFO and also appointed onto FMPG Board at Companies House – 12 April 2024
 - Interim FMPG CFO appointed Interim Accountable Officer by SG Permanent Secretary – 15 April 2024
 - FMPG CFO & AO investigates invoices for ACC Marine Consulting Limited and starts fact-finding investigation on secondment arrangement
 - FMPG CFO & AO informs CMAL of concerns with secondment and that investigation is underway – 22 April 2024
 - FMPG CFO & AO, informs FMPG Board regarding secondment agreement – 22 April 2024
 - FMPG CFO & AO, informs Scottish Government special advisors of concerns with secondment and that investigation is underway – 22 April 2024
- **June 2024**
 - FMPG CFO & AO, sends Audit Scotland investigation report – 12 June 2024
 - FMPG CFO & AO, meets Sub-contractor to inform him that his (and his Sub-contractor firm's) services have been terminated – 19 June 2024
 - FMPG CFO & AO, informs HMRC of the outcome of the investigation and submits a "Voluntary Disclosure" for a potential breach of IR35 "Off-Payroll Working" rules - 21 June 2024
- **July 2024**
 - FMPG CFO & AO, writes formally to Scottish Government special advisors to inform them of the outcome of the investigation – 8 July 2024
 - HMRC (Off-Payroll Tax Specialist) write to FMPG CFO & AO, opening case for review of Voluntary Disclosure – 24 July 2024
- **August 2024**

- FMPG CFO & AO, phones HMRC (Off-Payroll Tax Specialist) to discuss process for underpayment calculations for the past 18 months – 1st August 2024
- FMPG CFO & AO, writes to HMRC (Off-Payroll Tax Specialist) to provide calculations for underpaid Income Tax, National Insurance contributions & Apprenticeship Levy over the past 18 months (c£48,000 estimate) – 2nd August 2024
- **September 2024**
 - HMRC (Off-Payroll Tax Specialist) and FMPG CFO & AO agree final settlement for underpayment of £47,961.11 – 27 September 2024
 - FMPG pay HMRC full amount of settlement £47,961.11 – 30 September 2024
- **October 2024**
 - HMRC confirm to FMPG payment received in full – 03 October 2024
- **December 2024**
 - HMRC (Off-Payroll Tax Specialist) write to FMPG CFO & AO, informing the completion of governance check and confirm that there will be no penalty charge due to the “behaviour and quality of disclosure”, the penalty therefore is £0.
 - HMRC state they are satisfied with the detailed information FMPG provided.
 - There will be no need for suspension of penalty because they believe this was an isolated case and they are satisfied with the steps and measures FMPG suggested in their email earlier to ensure that this error doesn't occur again in the future.

3. **Committee and sub-committee meetings:** Timeline, mandates and terms of reference for committee and sub-committee meetings for the next 24 months (in response to Stuart McMillan's question column 40).

- Please find attached a copy of the Board & Committee dates by month going out to December 2026
- Please find attached the Terms of Reference for the following Committees
 - Remunerations Committee
 - Ops Committee
 - Health & Safety Committee
 - Audit & Risk Committee

4. **Investment spending plans:** Breakdown of the proposed capital expenditure and plans for the £9 million investment (in response to Stuart McMillan's question column 43).

This is a list of the £14.2m (A handful of items may change as we go through the surveys and inspections and be replaced by other items)

Yard Improvements / Accelerate 802 MV Glen Rosa and assist winning future contracts £11.2m

- New Plasma Cutting Table
- Small Semi-Automated Panel line
- ERP System & IT Upgrade
- General - Equipment upgrade (hard piping for gas)
- Bar Area Storage, Cut & Preparation
- Sub-Assembly & Outfit Work Stations
- Cranage Overhaul
- Cranage Upgrade
- New Grillages x3 - Labour & Material
- Panel Line Ship (South Bay) - Install dedicated 5-Station Panel Line
- Panel Line Ship (South Bay) - One Side Welding floor pit
- Panel Line Ship (South Bay) - 8m Extension
- Panel Line Ship (South Bay) - Install 15m door in west end wall
- Panel Line Ship (South Bay) - New Magnetic Crane
- Panel Line Ship (South Bay) - Magnet system
- Panel Line Ship (South Bay) - Extend Crane Rails
- North Bay - 1m x 1m x 1m Pin Jig configuration
- Blocking Hall - Grand Block Supports (Material & Labour)
- Blocking Hall - Fabricate & install 1.5m pin jigs
- General - Fairing Aids & MEWP Repairs
- General - Car Parking
- General - arch Henderson Fees
- Top Shop Refurbishment
- Contingency for Scope & Prices Increases

Obsolete / Needing Immediate Upgrade / Repairs & Maintenance £3m

- Line item 1 - Electrical Distribution Network
- Line item 2 - Sea Wall Erosion Rectification
- Line item 3 - Module Hall (Blocking Hall) - Crane Correction
- Line item 3 - Module Hall (Blocking Hall) - Grand Block Supports
- Line item 3 - Module Hall (Blocking Hall) - Pin Jigs
- Line item 4 - North Bay - Install 12m door in West end of North Bay
- Line item 4 - North Bay - Install unit transfer table (North Bay to Module Hall)
- Line item 4 - North Bay - Crane beam upgrade
- Line item 5 - Operational Refurbishment & Replacement Requirements - Cranage Overhaul
- Line item 5 - Operational Refurbishment & Replacement Requirements - Obsolete Equipment Replacement
- Line item 5 - Operational Refurbishment & Replacement Requirements - Pipe Shop Equipment

- Line item 5 - Operational Refurbishment & Replacement Requirements - Top Shed Refurbishment
- Line item 5 - Operational Refurbishment & Replacement Requirements - Fairing Aids & MEWP Repairs
- Line item 5 - Operational Refurbishment & Replacement Requirements - Additional Car Parking

David Dishon
Chief Financial Officer & Accountable Officer

Annexe A: Board and Committee Meetings Jan 2025 – December 2026

Annexe B: Health and Safety Committee

Annexe C: Operations Committee

Annexe D: Remuneration Committee

Annexe E: Audit and Risk Committee

Annexe A: Ferguson Marine Board and Committee Meetings January 2025 to December 2026



BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

Jan - 25	Date	Time	Location	In Diary
Ops Committee	22nd January 2025	1:00pm	MS Teams	Y
ARC Meeting	21 st January 2025	10:00am	MS Teams	Y
RemCom Meeting	29 th January 2025	1:00pm	Boardroom	Y
H&S Committee Meeting	29th January 2025	3:00pm	Boardroom	Y
Board Meeting	30th January 2025	9:00am	Boardroom	Y

Feb - 25	Date	Time	Location	In Diary
Ops Committee	20 th February 2025	2:00pm	MS Teams	Y
Board Catch-Up	27 th February 2025	10.00am	MS Teams	Y

Mar - 25	Date	Time	Location	In Diary
Ops Committee	17 th March 2025	2:00pm	MS Teams	Y
ARC Meeting	18 th March 2025	10:00am	MS Teams	Y
RemCom Meeting	26 th March 2025	1:00pm	Boardroom	Y
H&S Committee Meeting	26 th March 2025	3:00pm	Boardroom	Y
Board Meeting	27th March 2025	9:00am	Boardroom	Y

BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

Apr - 25	Date	Time	Location	In Diary
Ops Committee	14 th April 2025	2:00pm	MS Teams	Y
Board Catch-Up	24 th April 2025	10:00am	MS Teams	Y

May - 25	Date	Time	Location	In Diary
Ops Committee	21 st May 2025	2:00pm	MS Teams	Y
ARC Meeting	22 nd May 2025	10:00am	Via Teams	Y
RemCom Meeting	28 th May 2025	1:00pm	Boardroom	Y
H&S Committee Meeting	28 th May 2025	3:00pm	Boardroom	Y
Board Meeting	29 th May 2025	9:00am	Boardroom	Y

June - 25	Date	Time	Location	In Diary
Ops Committee	18 th June 2025	2:00pm	MS Teams	Y
Board Catch-Up	26 th June 2025	10:00am	MS Teams	Y

BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

July - 25	Date	Time	Location	In Diary
Ops Committee	21 st July 2025	2:00pm	MS Teams	Y
ARC Meeting	24 th July 2025	10:00am	MS Teams	Y
RemCom Meeting	30 th July 2025	1:00pm	Boardroom	Y
H&S Committee Meeting	30 th July 2025	3:00pm	Boardroom	Y
Board Meeting	31 st July 2025	9:00am	Boardroom	Y

Aug - 25	Date	Time	Location	In Diary
Ops Committee	18 th August 2025	2:00pm	MS Teams	Y
Board Catch-Up	28 th August 2025	10:00am	MS Teams	Y

Sept - 25	Date	Time	Location	In Diary
Ops Committee	15 th September 2025	2:00pm	MS Teams	Y
ARC Meeting	18 th September 2025	10:00am	MS Teams	Y
RemCom Meeting	24 th September 2025	1:00pm	Boardroom	Y
H&S Committee	24 th September 2025	3:00pm	Boardroom	Y
Board Meeting	25 th September 2025	9:00am	Boardroom	Y

BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

Oct - 25	Date	Time	Location	In Diary
Ops Committee	20 th October 2025	2:00pm	MS Teams	Y
Board Catch-Up	30 th October 2025	10:00am	MS Teams	Y

Nov - 25	Date	Time	Location	In Diary
Ops Committee	17 th November 2025	2:00pm	MS Teams	Y
ARC Meeting	20 th November 2025	10:00am	Via Teams	Y
RemCom Meeting	26 th November 2025	1:00pm	Boardroom	Y
H&S Committee Meeting	26 th November 2025	3:00pm	Boardroom	Y
Board Meeting	27 th November 2025	9:00am	Boardroom	Y

Dec - 25	Date	Time	Location	In Diary
Ops Committee	8 th December 2025	2:00pm	MS Teams	Y
Board Catch-Up	18 th December 2025	10:00am	MS Teams	Y

BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

Jan - 26	Date	Time	Location	In Diary
Ops Committee	19 th January 2026	2:00pm	MS Teams	Y
ARC Meeting	22 nd January 2026	10:00am	MS Teams	Y
RemCom Meeting	28 th January 2026	1:00pm	Boardroom	Y
H&S Committee Meeting	28 th January 2026	3:00pm	Boardroom	Y
Board Meeting	29 th January 2026	9:00am	Boardroom	Y

Feb - 26	Date	Time	Location	In Diary
Ops Committee	20 th February 2026	10:00am	MS Teams	Y
Board Catch-Up	26 th February 2026	10:00am	MS Teams	Y

Mar - 26	Date	Time	Location	In Diary
Ops Committee	16 th March 2026	2:00pm	MS Teams	Y
ARC Meeting	19 th March 2026	10:00am	Via Teams	Y
RemCom Meeting	25 th March 2026	1:00pm	Boardroom	Y
H&S Committee Meeting	25 th March 2026	3:00pm	Boardroom	Y
Board Meeting	26 th March 2026	9:00am	Boardroom	Y

BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

Apr - 26	Date	Time	Location	In Diary
Ops Committee	20 th April 2026	2:00pm	MS Teams	Y
Board Catch-Up	30 th April 2026	10:00am	MS Teams	Y

May - 26	Date	Time	Location	In Diary
Ops Committee	18 th May 2026	2:00pm	MS Teams	Y
ARC Meeting	21 st May 2026	10:00am	MS Teams	Y
RemCom Meeting	27 th May 2026	1:00pm	Boardroom	Y
H&S Committee Meeting	27 th May 2026	3:00pm	Boardroom	Y
Board Meeting	28 th May 2026	9:00am	Boardroom	Y

June - 26	Date	Time	Location	In Diary
Ops Committee	15 th June 2026	2:00pm	MS Teams	Y
Board Catch-Up	25 th June 2026	10:00am	MS Teams	Y

BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

July - 26	Date	Time	Location	In Diary
Ops Committee	20 th July 2026	2:00pm	MS Teams	Y
ARC Meeting	23 rd July 2026	10:00am	MS Teams	Y
RemCom Meeting	29 th July 2026	1:00pm	Boardroom	Y
H&S Committee Meeting	29 th July 2026	3:00pm	Boardroom	Y
Board Meeting	30 th July 2026	9:00am	Boardroom	Y

Aug - 26	Date	Time	Location	In Diary
Ops Committee	17 th August 2026	2:00pm	MS Teams	Y
Board Catch-Up	27 th August 2026	10:00am	MS Teams	Y

Sept - 26	Date	Time	Location	In Diary
Ops Committee	14 th September 2026	2:00pm	MS Teams	Y
ARC Meeting	17 th September 2026	10:00am	MS Teams	Y
RemCom Meeting	23 rd September 2026	1:00pm	Boardroom	Y
H&S Committee Meeting	23 rd September 2026	3:00pm	Boardroom	Y
Board Meeting	24 th September 2026	9:00am	Boardroom	Y

BOARD AND COMMITTEE MEETINGS (January 2025 - December 2026)

Oct - 26	Date	Time	Location	In Diary
Ops Committee	19 th October 2026	2:00pm	MS Teams	Y
Board Catch-Up	29 th October 2026	10:00am	MS Teams	Y

Nov - 26	Date	Time	Location	In Diary
Ops Committee	16 th November 2026	2:00pm	MS Teams	Y
ARC Meeting	19 th November 2026	10:00am	MS Teams	Y
RemCom Meeting	25 th November 2026	1:00pm	Boardroom	Y
H&S Committee Meeting	25 th November 2026	3:00pm	Boardroom	Y
Board Meeting	26 th November 2026	9:00am	Boardroom	Y

Dec - 26	Date	Time	Location	In Diary
Ops Committee	14 th December 2026	2:00pm	MS Teams	Y
Board Catch-Up	(TBC)	10:00am	MS Teams	Y

Annexe B: Ferguson Marine Health and Safety Committee Terms of Reference May 2024



CONFIDENTIAL - BOARD MEMBERS ONLY

Terms of Reference and Duties of the Health and Safety Committee

29th May 2024

1. Constitution

The Committee shall be appointed by the Board and shall consist of three Non-Executive Directors. The Chair shall be appointed by the Chair of the Board from amongst the Non-Executive members.

2. Members and Quorum

- a. Chair: Stuart N Smith
- b. Deputy Chair: James Gibson
- c. Member: Valerie Scoular

The quorum for any meeting of the Committee shall be two members.

3. Attendance

The HSE Manager should be in attendance at the meeting as a matter of course to provide consistent support to the Committee, being excused from discussion as appropriate. The Chief Executive and/or the Chief Operating Officer (or equivalent) shall attend as required. The HR Director may also be invited to attend. The Chair of the Board may attend as an observer.

Others may be invited to attend as required.

The Board Secretary (or alternative) shall provide secretarial support for all meetings of the Committee.

4. Frequency of Meetings

Meetings of the Committee shall be held every 2 months with additional meetings as and when required. Committee Papers shall be circulated at least three working days before the meeting.

5. Authority

The Committee shall be authorised to:

- 1) Review and approve the Group's Health and Safety Policy annually.
- 2) Review the Group's main risks, strategies, procedures, and working practices, regarding Health and Safety and Environment. Recommend strategic and operational improvements as are considered appropriate.
- 3) Receive reports from the Executive team, and the HSE Manager on Health and Safety and Environmental performance, potential issues, and related matters, and specifically any major health and safety incidents to ensure that management identify root causes, and implement any corrective action considered appropriate.
- 4) Ensure that the Group's performance is compared with industry peers and that best practice is adopted where appropriate.

- 5) Ensure that it and the Board are kept abreast of any regulatory changes and informed of their Health and Safety responsibilities and duties and the impact such changes may have on the business of the Group.
- 6) Monitor the resources applied by the Group in relation to Health and Safety.
- 7) Where appropriate receive and consider reports from independent advisers.
- 8) Other specific issues delegated or remitted by the Board.
- 9) Prepare a draft Annual Report for approval by the Board for Annual Accounts.

6. General

- 1) Report on all meetings of the Committee to the Board making whatever recommendations it deems appropriate in relation to matters within its remit.
- 2) Circulate the Committee minutes once approved, to the Board.
- 3) The Committee has no budget but may request funds from the Board for external advisors.

Annexe C: Ferguson Marine Terms of Reference and Duties of Operations Committee

CONFIDENTIAL - BOARD MEMBERS ONLY

FERGUSON MARINE (PORT GLASGOW) LIMITED (FMPG)

Terms of Reference and Duties of the Operations Committee (the 'Committee')

1 Constitution

The Committee shall be appointed by the Board and shall consist of three non-executive members of the Board.

The Chair of the Committee shall be appointed by the Board from amongst the members.

The Chair of the Board may attend as he sees fit.

2 Quorum

The quorum for any meeting of the Committee shall be two members.

3 Attendance

The Chief Executive and Chief Operating Officer (or equivalent) should be in attendance at the meeting as a matter of course in order to provide consistent support to the committee, being excused from discussion as appropriate. The project managers for Glen Sannox and Hull 802 should attend for items (i) to (iv) below. The Chief Financial Officer (or equivalent) should attend as required.

The Chief Executive's P.A. or Board Secretary shall provide secretarial support for all meetings of the Committee.

4 Frequency of Meetings

Meetings of the Committee shall be held monthly with additional meetings as and when required. Committee Papers shall be circulated at least two working days before the meeting.

5 Authority

The Committee shall be authorised by the Board to:-

- i. Against the backdrop of a lack of confidence in the operational metrics being presented to the Board, ensure rigorous review of the operational planning, and reporting (including Forecast Cost To Complete (FCTC)) and delivery of Glen Sannox and Hull 802, and recommend improvements as are considered appropriate;
- ii. Generally seek to obtain a greater insight into the on-going problems of delays, cost overruns and losing key workers;
- iii. Receive weekly reports from the Executive team, including the project managers for Glen Sannox and Hull 802, on potential issues, on time, cost and quality matters, so as to ensure that management identify root causes, and implement any corrective action considered appropriate;
- iv. Generally, seek to engender from the Executive team more urgency on timeous delivery of Glen Sannox and Hull 802 and focus on cost management thereof;
- v. Check that the Group's performance is compared with industry peers and that an improved productivity journey is embraced and tracked by management;
- vi. Provide Board level oversight for Project Chia, including the organisation of a project steering committee, working with EY (as from November 2023) and SG (as from January 2024), to assist/empower the Executive team to produce a 5 year business plan (including counterfactual), which is as strong as possible, and which seeks to address shortcomings identified in relation to a 2023 business case submission: this could also include exploration of any non M&A options identified to the group by SG ;
- vii. Provide Board level oversight for Project Sakura (as from January 2024), working with SG and the Executive team, to obtain a Best And Final offer (BAFO) from an identified bidder, within the agreed timescales, for consideration by the Group Board and SG as Shareholder;
- viii. Where appropriate receive and consider reports from Independent advisers;
- ix. Where appropriate seek legal/financial advice to assist the Committee's work; and
- x. Other specific issues delegated or remitted by the Board.

6 General

- i. Report on all meetings of the Committee to the Board making whatever recommendations it deems appropriate in relation to matters within its remit.
- ii. Circulate the Committee minutes once approved to the Board.
- iii. The Committee has budget to employ EY and may request funds from the Board for other external advisors.
- iv. Provide text summarising the Committee's activities in any given year for inclusion in the Annual report and accounts.

Annexe D: Ferguson Marine Terms of Reference and Duties of Remuneration Committee

CONFIDENTIAL - BOARD MEMBERS ONLY



FERGUSON MARINE (PORT GLASGOW) LIMITED (FMPG)

Terms of Reference and Duties of the Remuneration Committee

1. Purpose

The Remuneration Committee has responsibility to ensure that the remuneration strategy, policy and systems should align with the business strategy, performance goals plus budget targets and that governance is clear and applied.

The committee should:

- approve compensation on appointment for CEO and direct reports.
- approve severance payments or payments for termination of direct reports to the CEO.
- make any final recommendations to the Board on remuneration decisions for the senior leadership team as well as the organisation's pay structure, ensuring that FMPG remains competitive in the market, attracting diverse talent and acts as a fair and equal employer.

The Remuneration Committee considers key people / organisational strategies, strategic workforce planning, as well as leadership capability. This involves attention to the performance, development and appointments of the Senior Leadership Team, leadership succession planning, organisational design, employee engagement, monitoring of key people risks and people metrics.

2. Membership

The Remuneration Committee consist of non-executive members:

- The Chair of the Committee; and
- Three Non-Executive Board Members

3. Constitution

The Committee shall be appointed by the Board from amongst the Non-Executive Members and shall consist of four members. The Committee shall appoint a Chair from amongst their non-executive members. The Board's Chair will normally attend meetings as available.

4. Quorum

The quorum for any meeting of the Committee shall be two members.

5. Attendance

The HR Director should be in attendance at all meetings in order to provide professional support to the committee, being excused from discussion as appropriate.

The Chief Executive and Chief Finance Officer should attend as required and all financial proposals should be endorsed by the CFO.

The Board P.A. shall provide secretarial support at all meetings of the Committee.

6. Frequency of Meetings

Meetings of the Committee shall be held every quarter or as and when required with Committee papers being circulated at least five days before the meeting.

7. Responsibilities

The Committee shall be authorised by the Board to:

- Approve workforce reward strategy and principles, including annual pay negotiations.
- Ensure that all policies and systems are in place to ensure employees are rewarded fairly and according to their contribution to the business.
- Approve compensation for the Senior Leadership Team in line with the SG Framework Agreement. (Agreement Attached)
- Review the proposed performance related element of the remuneration for Senior Leadership Team and agree specific KPI's.
- Ensure compensation is affordable and in line with budget.
- Approve the recruitment process and proposed remuneration prior to appointing any member of the Senior Leadership Team.
- Approve any key people strategies and top level organisation design.
- Ensure that there is a succession plan in place for senior leadership and key posts.
- Review the annual performance for the CEO and the Senior Leadership team.
- Ensure that there is an understanding of the skills, competencies and capabilities required to meet the short and medium term business needs. available for the site for regular review.
- Approve and monitor key people risks and people metrics.
- Other specific issues delegated or remitted by the Board.

8. Reporting

- Report on all meetings of the Committee to the Board making whatever recommendations it deems appropriate in relation to matters within its remit.
- Committee minutes once approved are circulated to the Board.
- The Remuneration Committee will undertake an annual evaluation of its performance in line with corporate governance best practice.

9. Declaration of interest

If a member has a personal interest in any agenda item, they should notify the Remuneration Committee Chair (or another member in the case of the Chair having an interest) in advance of the meeting and declare the nature of the interest at the meeting before the matter is discussed.

In accordance with the provisions of the Code of Conduct, the Chair will decide whether the member may remain present at the meeting for the discussion on that item and any decision taken. The notes of the meeting should record the declaration of interest, its nature and whether the individual concerned left the room for the discussion.

10. Conduct

The Chair, members of the Board and members of Committees must, in carrying out their respective duties, work to the highest personal and professional standards and will:

- When handling information either provided or created in the course of the committee's work, must comply with the information security standards, procedures and guidance and ensure that the confidentiality of the information is maintained and is protected from unauthorised disclosure or access.
- Members should take care not to discuss or comment on potential or ongoing investigations in public, including via social media, without the prior agreement of the Chief Executive.
- Members should raise any behavioural issues of people addressing any issues first with the individual concerned.
- Members should raise any ongoing concerns that they have about the propriety of the RemCo or any member confidentially with the RemCo Chair.
- Members should raise any concerns that they have about the propriety of the RemCo Chair with the Chair of the Board and CEO.

11. Transparency

The committee are committed to openness and transparency in relation to the conduct of its affairs and is subject to the provisions of the Freedom of Information Act 2000. Information about the Board and its committees can be found on TRA gov.uk page. Members must act in accordance with TRA guidelines and policies relating to these matters.

Ferguson Marine Port Glasgow November 2023

Issue		
Refreshed	September 2023	CAK / VS
Updated post RemCom Board	9 October, 2023	CAK
Updated v5	17 October 2023	VS
Updated v6	19 October, 2023	VS
Updated post RemCom Board	November 2023	CAK/VS

Annexe E: Ferguson Marine Terms of Reference and Duties of the Audit and Risk Committee



CONFIDENTIAL - BOARD MEMBERS ONLY

FERGUSON MARINE (PORT GLASGOW) HOLDINGS LIMITED AND ITS SUBSIDIARIES (FMPG)

Terms of Reference and Duties of the Audit & Risk Committee

Constitution

The Committee shall be appointed by the Board from amongst the executive and non-executive board members. The Committee shall consist of a minimum of three non-executive members, at least one of whom will have financial experience, and the Finance Director (FMPG). The Committee shall appoint a Chair from amongst their non-executive members.

Quorum

The quorum for any meeting of the Committee shall be three members two of whom must be non-executive members.

Attendance

The Chief Executive shall normally attend meetings unless the Committee requests otherwise. The Board Secretary shall provide secretarial support at all meetings of the Committee.

The Board's external auditors and internal auditors shall be invited to attend meetings of the Committee, and this will include discussions with them without the executives being present.

Frequency of Meetings

Meetings of the Committee shall be held as and when required but not less than three times a year. The Committee papers will be circulated at least 5 days before the meeting.

Authority

The Committee shall be authorised by the Board to investigate any activity within its terms of reference and shall be permitted to seek independent external advice as may reasonably be necessary, to assist in investigations on any matter or activity within its terms of reference.

The decision to take such independent advice will require the approval of a majority of the members of the Committee whether present or not at the relevant meeting.

The Committee shall also be authorised to seek any information it requires from any employee, and all employees shall co-operate with the requests made by the Committee.

Function and Duties of the Committee

The Committee shall have oversight of the Group as a whole and shall be authorised to carry out the following:

Internal Control

- Review the adequacy and effectiveness of controls and risk management system in all areas where the business of the Board may be at risk, which shall include ensuring that the Board's main risk register, and the risk register of any major projects are maintained and reviewed at least six monthly with a report on the principal risks being presented to the Board annually.
- Instruct such internal audit procedures as may be required and regularly review the requirements for an internal audit function.
- Review and approve the statements made in the annual accounts about internal controls and risk management.
- Review systems and control for the prevention of bribery.
- Review the procedures for detecting/preventing fraud.
- Review the procedures of the business for procurement.
- Review the adequacy of the company's whistleblowing procedures.
- Review the procedures for the appointment of external contractors.
- Review any other policies and procedures related to internal controls not already listed.

External Audit

- Review the external audit strategy and plan. Discuss the scope of the audit to ensure it is consistent with the engagement letter.
- Meet with external auditors to discuss any appropriate matters and meet annually without the presence of management.
- Review external audit management letters.
- Review the appointment, performance, and fees of the external auditors.
- Clearance meeting with external auditors to discuss any major issues that arose during the audit.
- Assess annually the independence of the auditors taking account of the level of non-audit fees paid to the auditors.

Internal Audit

- Approve appointment/termination of internal audit firm.
- Meet with internal auditors to discuss appropriate matters and meet annually without the presence of management.
- Review annually role of internal audit, the effectiveness of its work and the internal audit charter.
- Review the annual internal audit plan to ensure it's aligned to business risks.
- Ensure internal audit has direct access to the Board Chair and the Committee Chair to provide independence from management and accountability to the Committee.
- Review actions of management to implement recommendations from internal audit

Annual Accounts

- Review the Annual Accounts before submission to the Board, monitoring the integrity of the annual report and accounts, and review significant report issues and judgements.
- Discuss the Annual Accounts with the external auditors ensuring compliance with appropriate accounting standards and legislation.

Corporate Governance

- Monitor and compare the Board's corporate governance against appropriate industry/commercial benchmarks.
- Review annually the performance of the Audit & Risk Committee.
- Review the terms of reference and duties of the Committee from time to time.

General

- Ensure compliance with all other laws and regulations as may apply to the Board and its business from time to time.
- Report on all meetings of the Committee to the Board making whatever recommendations it deems appropriate in relation to matters within its remit.
- Circulate the Committee minutes, once approved, to the Board.
- The Committee will develop and execute an annual business plan which outlines how the committee will discharge its duties for the year ahead including areas which the Committee and/or Board has agreed should receive special focus.
- Work and liaise as necessary with other Board Committees regarding risk matters.